



We operate rail franchises for the Department for Transport (DfT). Go-Ahead currently operates two UK rail franchises, Southeastern and GTR through Govia, a 65% owned joint venture with Keolis.

Key market features

- Regulated by the Office of Rail Regulation (ORR) and other industry bodies
- Peak fares, routes and service frequencies set by the government
- Existing franchises typically have initial contract terms of around eight years
- The infrastructure is largely owned and managed by Network Rail
- Trains are leased from rolling stock operators
- Operators have a relatively fixed cost base, reducing flexibility to adapt to changes in the wider economy

Divisional revenue

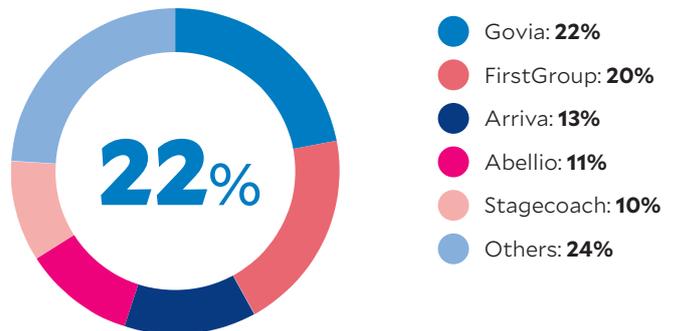
95%: Passenger revenue, franchise payments and subsidies

Operating under a regulated system, the DfT issues tenders for rail franchises and private operators enter a competitive bidding process for the right to operate them. Typically, operators submit detailed franchise bids that specify the level of premium the operator will pay to the DfT or the level of subsidy or franchise payment it will require from the DfT for operating the franchise, dependent on a range of assumptions, such as passenger revenue and cost base. The model is designed to maximise the value to the taxpayer by incentivising train companies to operate efficiently and encourage passenger growth.

5%: Other revenue

A small proportion of revenue is generated through other activities on the rail franchise network such as car parking, station retailing, advertising at stations and on trains and third party engineering work.

Rail market share



2019 in numbers

11,600 **5,200**

Employees

Daily services

UK rail franchises

GTR

This franchise started in September 2014 with Great Northern and Thameslink routes. Southern and Gatwick Express routes were integrated in July 2015. The network reaches from King's Lynn to Brighton and has 341.4m passenger journeys across the network annually. The franchise is due to end in September 2021.

Southeastern

The Southeastern franchise was won in 2006 and operates services throughout Kent, parts of East Sussex and south east London. Since December 2009, we have also operated the UK's first high-speed domestic service on HS1. The network has 183.2m passenger journeys annually. The current franchise is expected to end in April 2020.

— Southeastern
— GTR

